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### Federal Communications Commission

WASHINGTON, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY

In the Matter of:	)
Implementation of Section 3 of the Cable Television Consumer Protection and Competition Act of 1992	) ) MM Docket No. 92-262 )
Tier Buy-Through Prohibitions	)

COMMENTS OF NEWHOUSE BROADCASTING CORPORATION

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Its Attorneys

Date: January 13, 1993

#### TABLE OF CONTENTS

		PA	GE
SUMM	ARY .		i
INTR	ODUCT	ION	1
I.		DIATE COMPLIANCE SHOULD NOT BE REQUIRED IF IFICANT COSTS ARE INVOLVED	2
	Α.	Any System Which Would be Required to Incur More Than Nominal Costs to Comply Should be Allowed the Ten Year Grace Period	3
	В.	Fully Addressable Systems are the Only Ones Technically Able to Comply with Anti Buy-Through	5
			6 8 2
	c.	Actions Should Not be Required Which Compromise Security Against Theft	4
II.		ONS OF THE ANTI BUY-THROUGH PROVISIONS BE NARROWLY DEFINED	5
III.		RPRETATION OF THE RATE NONDISCRIMINATION CLAUSE LD NOT RESTRICT MARKETING PRACTICES	8
CONC	LUSION		1

#### SUMMARY

The ten year grace period for coming into compliance with the tier buy-through prohibition should be applicable to any cable system not presently technically able to comply without a significant expenditure of money. Newhouse suggests that the test for whether a system is technically capable of compliance with the buy-through requirement should be whether the cost exceeds nominal amounts.

The only systems which meet this test are those which are fully addressable. Such systems scramble all video programming other than the basic service level and have addressable converter boxes available for all subscribers desiring such scrambled services. Systems which use non-addressable security technology or a combination of non-addressable and addressable technology cannot comply with the tier buy-through provision without substantial cost, system reconfiguration and/or signal security vulnerability.

In implementing tier buy-through, the Commission must not mandate actions which are likely to compromise signal security and thus increase the incidence of theft of cable service.

If the "evasion" provision of the 1992 Cable Act applies to tier buy-through at all, it should be construed narrowly. An evasion should be found only if a cable operator deliberately reconfigures an existing fully addressable system solely to avoid the buy-through provision.

The definition of discrimination under the tier buy-through provision should be narrow so as not to result in the inhibition of creative marketing approaches.

#### BEFORE THE

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Newhouse Broadcasting Corporation ("Newhouse") hereby respectfully submits these comments in response to the above-captioned Notice of Proposed Rule Making ("Notice") regarding the tier buy-through prohibitions contained in Section 3 of the Cable Television Consumer Protection and Competition Act of 1992 ("1992 Cable Act" or "Act").

#### INTRODUCTION

Newhouse, through its affiliated cable companies NewChannels
Corp., MetroVision, Inc. and Vision Cable Communications, Inc., owns
and operates cable television systems in 17 states which, as of
December 31, 1992, served approximately 1,350,000 subscribers.

<sup>&</sup>lt;sup>1</sup>Pub. L. 102-385, 106 Stat. 1460 (1992). Section 3 of the 1992 Cable Act amends Section 623(b)(8) of the Communications Act of 1934 (the "Act"), 47 U.S.C. §543(b)(8).

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Newhouse generally supports the concept of buy-through, however it has certain concerns regarding implementation. First, the ten year grace period for compliance with the tier buy-through prohibition should be applicable to any cable system not presently technically able to comply without more than nominal expenditures of time or money, so as to avoid the unintended consequence of raising cable rates in communities where such compliance costs would be required. Second, the FCC's nondiscrimination rules relating to the tier buy-through prohibition should be designed to promote marketing flexibility so as not to inhibit consumer choice.

# I. <u>IMMEDIATE COMPLIANCE SHOULD NOT BE REQUIRED IF SIGNIFICANT</u> COSTS ARE INVOLVED.

Compliance with the tier buy-through restrictions will impose substantial technical problems and costs on the cable operator.

Section 623(b)(8)(B) of the Act provides a ten year grace period for compliance with the anti buy-through requirement for any "cable system that, by reason of the lack of addressable converter boxes or other technical limitations, does not permit the operator to offer programming on a per channel or per program basis in the same manner required by subparagraph (A)." Moreover, Sec. 623(b)(8)(C) of the Act allows the FCC to grant additional waivers of the ten year grace period if it determines "that compliance with the requirements of subparagraph (A) would require the cable operator to increase its rates." Accordingly, Newhouse urges the Commission to implement the anti buy-through provisions cautiously, making every effort to avoid imposition of unnecessary additional costs which will adversely affect cable rates.

A. Any System Which Would be Required to Incur More Than Nominal Costs to Comply Should be Allowed the Ten Year Grace Period.

The threshold question which the Commission must address is to define those systems which are presently unable to comply with the anti buy-through prohibition. Newhouse submits that any cable system which would be required to incur more than nominal costs to comply with anti buy-through should be afforded the full ten year grace period. This position is entirely consistent with the Commission's tentative conclusion stated in the Notice: "[w]e believe that, under the Act, cable systems which were not designed and built with (or upgraded to incorporate) addressable technology are by definition within the scope of the Act's 10-year exemption."

The legislative history of the anti buy-through prohibition demonstrates that Congress was well aware that most systems would require the ten year transition period given the need for adequate time to install the necessary technology. The buy-through prohibition is part of the larger basic rate regulation scheme of §3 of the 1992 Cable Act. This scheme is intended to promote reasonable basic rates. However, any FCC rules that force systems to either immediately install expensive equipment or incur other unnecessary costs will surely result in increases to basic rates.<sup>4</sup>

<sup>&</sup>lt;sup>2</sup>See Notice at ¶¶ 4-5.

<sup>&</sup>lt;sup>3</sup>See Notice at ¶6.

<sup>&</sup>lt;sup>4</sup>Under the regulatory scheme of 47 U.S.C. §543(b)(2)(C), as amended by the 1992 Cable Act, the FCC's basic rate regulation standards must take into account both the direct costs of transmitting services carried on the basic level as well as an appropriate portion of joint and common costs.

Newhouse submits that the test for whether a system is technically capable of compliance with the anti buy-through requirement should be the same as the test for whether a system can impose more than a nominal fee for a service downgrade. 623(b)(5)(C) of the Act directs the FCC to adopt regulations to ensure that charges for changing the service tier selected by the subscriber shall be based on the actual cost of such change and "shall not exceed nominal amounts when the system's configuration permits changes in service tier selection to be effected solely by coded entry on a computer terminal or other similarly simple method." The House Report recognized that "the technical configuration of [some] cable systems will be such that the selection back and forth between basic service and tiers offering cable programming may require equipment and labor costs to be incurred by cable operators," but that "for fully addressable systems the Committee expects that the costs involved in consumer selection will be nominal."5

In other words, Congress has recognized that some systems are capable of adding or deleting any services delivered to individual subscribers by simply changing an entry code on a computer terminal located at the system office or headend. As explained more fully below, such systems are typically referred to as "addressable." Other systems, however, cannot add or delete services without incurring far more substantial costs, e.g., sending a technician to the subscriber's premises (a "truck roll"), removing or installing additional devices located in or near the subscriber's premises, etc.

 $<sup>^5\</sup>mathrm{H}$ . R. Rep. No. 628, 102d Cong., 2d Sess. 84 (1992) (emphasis added).

These are precisely the same considerations which govern whether a cable operator is technically able to comply with the anti buy-through requirement without the imposition of extraordinary costs which would adversely affect cable rates. Accordingly, the ten year grace period should apply to any cable systems which are currently unable to comply without incurring more than nominal costs, such as changing an entry code on a computer terminal in the case of a fully addressable cable system.

## B. Fully Addressable Systems are the Only Ones Technically Able to Comply with Anti Buy-Through.

Newhouse concurs with the Notice that, based on current generally accepted technology used in the cable industry, only those systems that are "fully addressable" are presently capable of complying with the tier buy-through requirement without incurring substantial costs that would drive up rates and/or require a redesign of existing signal security methods. "Fully addressable" systems are those which scramble all video programming delivered by the system other than the basic service level (as defined pursuant to Section 623(b)(7) of the Act) and have addressable converter boxes available for all subscribers desiring such scrambled services. Systems that are not fully addressable are those that rely entirely

<sup>&</sup>lt;sup>6</sup>Notice at ¶6.

This would not necessarily require cable operators to actually install addressable converter boxes for all subscribers. A basic-only subscriber in a fully addressable system who does not elect to purchase tiered, premium or pay-per-view channels has no need for an addressable converter box when basic service channels are unscrambled. In such a case, FCC rules should not require that the cable operator provide the basic subscriber with an addressable converter box, since each box typically costs anywhere from \$110.00 to \$160.00.

on non-addressable security technology or those that use some combination of non-addressable and addressable technology to provide signal security. Non-addressable and partially addressable systems are both unable to immediately comply with the tier buy-through provisions without substantial cost, subscriber confusion, and system reconfiguration.

#### 1. Signal Security.

In order to fully appreciate the technical problems and costs involved in configuring a cable system so that it is technically capable of compliance with the tier buy-through requirement, the principal signal security techniques which are used should be understood. There are two principal kinds of security techniques currently used by the cable industry: traps and scrambling.

With a security system that uses frequency selective filtering devices ("traps"), the cable operator installs traps that permit only the requested channels to pass to the television set. Traps are passive devices which cannot be programmed remotely to implement changes requested by a subscriber to add or delete programming services. Rather, the cable operator must make an individual service call, for example, to satisfy a basic-only subscriber's request for non-basic channels. The old trap must be removed or replaced with a new trap with a different configuration, which requires an expense both in material and labor.

There are some limits to the use of traps. First, traps are not a feasible method of providing pay-per-view programming, since the costs would be prohibitive, including the necessity of a truck roll to each customer requesting the event to either remove a negative

trap or install a positive trap. Second, practical considerations require that generally a maximum of only three traps be used in any single cable drop. More than three traps in a single drop tends to increase mechanical problems such as breakage of tap connectors, violation of the National Electric Safety Code distance limit to the telephone line, possible signal leakage and signal ingress, as well as requiring the use of special mounting structures.

The other current principal signal security technique generally used in the cable industry is scrambling. Under this approach, the signals to be secured are scrambled (encrypted) at the headend. A descrambling device is then installed at the subscriber's premises so that all services which have been ordered and paid for by that subscriber can be descrambled and pass to the television set. Such descramblers may be either addressable or non-addressable.

If a system utilizing scrambling is non-addressable, then a "programmable" descrambler might be connected to the subscriber's television set. With a programmable box, the signals to be unscrambled are preset in the box itself; the cable operator cannot change the subscriber's access to various programming services remotely at the headend. A programmable box must be replaced by the cable operator in order to change the available channels, which entails significant service costs. This is in contrast to a fully addressable system in which the operator can change a subscriber's access to programming at the headend with nominal cost, e.g., by changing an entry code on a computer terminal which sends a message to the affected descrambler to either scramble or descramble the desired channels. Programmable boxes are generally considered to be

an obsolete technology because they are easily tampered with and the resulting cable theft is difficult to detect in the subscriber's home. In addition, programmable boxes are not feasible for pay-per-view programming since each request would entail switching one box for another for a single programming event. Accordingly, most modern cable systems which utilize scrambling deploy addressable descramblers.

As the Commission notes, many cable systems use a hybrid of scrambling with either an addressable or non-addressable descrambler in conjunction with traps. Such systems are usually configured to trap out all expanded tiers above the basic service level. services are not scrambled so that basic-only customers normally do not need a set top converter. Access to cable service tiers is provided by removing the trap. Normally, some or all of the cable services will also be unscrambled so that subscribers with cableready televisions who do not subscribe to premium or pay-per-view services will also not need a converter. Only the highest tiers of cable service (if there are more than two tiers), premium services and pay-per-view services are typically scrambled and require a converter/descrambler, although certain high penetration, low churn premium services might be trapped rather than scrambled. combination of trapping and scrambling represents an attempt to provide a low-cost, reasonably secure signal security system that is as compatible as possible with existing television sets and VCRs.

#### 2. Compliance with Tier Buy-Through.

There are two primary reasons why systems that scramble with programmable boxes or use traps are not technically able to comply

with the tier buy-through prohibitions. Underlying both of these reasons is that technical limits of non-addressable systems do not allow the cable operator to offer premium and pay-per-view programming to the basic subscriber while preventing those subscribers from receiving any expanded tiers of programming which they have neither requested or paid for.

Many systems have positioned their channels along the frequency spectrum such that the programming services offered on the basic level are at the low end of the spectrum, the tiered cable programming services are higher on the spectrum, and the premium and pay-per-view channels are at the highest end of the spectrum. With traps and/or programmable boxes, basic subscribers receive only the low end basic tier. Once the trap is removed to allow the basic subscriber in a trapped system to have access to premium services, the subscriber automatically has access to all tiered cable services as well. In order to secure those channels, the cable operator must incur the expense of additional scrambling equipment at approximately \$2,000 per channel per headend. More significantly, in order to satisfy anti buy-through, the cable operator must also now provide a descrambler/converter box not only to the basic subscribers who desire premium services, but also to the expected majority of subscribers who desire the expanded tier (which now must be scrambled) and who do not already have an addressable descrambler (e.g., because they do not subscribe to a scrambled premium or payper-view service).

Similarly, in systems utilizing non-addressable technologies such as traps or programmable descramblers, implementation of anti

buy-through will require a service call and the installation or removal of a device at the subscriber's premises in order to allow a basic subscriber access to premium services. However, as noted above, security provided by such programmable converters is considered obsolete and is easily defeatable. By placing those converters in the home of the basic subscribers, the cable operator has substantially magnified its potential theft of service problem by making its cable service tiers vulnerable to such theft in addition to its premium services. Furthermore, such basic subscribers still could not be provided with access to pay-per-view services, and thus the tier buy-through requirement would not be fully satisfied.

Systems that are partially addressable because they leave tiered cable services unscrambled and use traps to secure these services should also fall under the ten year exception to the tier buy-through prohibition. There are several reasons why a cable operator with addressable technology would choose to use traps for tier security and scrambling to secure some or all premium and pay-per-view channels. First, the costs of scrambling are reduced if the operator does not have to scramble the channels on the tiered services. Equipment costs are also reduced because the cable operator does not need to provide addressable boxes to subscribers who purchase any unscrambled cable programming and/or premium services. Second, and perhaps more importantly, scrambled signals are potentially incompatible with the use of VCR recording and some television set

<sup>&</sup>lt;sup>8</sup>See Notice at ¶ 2.

features. Subscribers with cable ready television sets can presently receive a full basic service with no converter. Scrambling all channels would force these subscribers to use converters, something which is not consumer-friendly and might mean imposing an additional charge.

An addressable cable system that only scrambles certain premium and pay-per-view channels must use traps to block out basic-only subscribers' access to the tiered channels and traps to block access to any unscrambled pay services. If the buy-through prohibition were to immediately apply to such systems, they would be forced to incur the similar costs of compliance as are applicable to non-addressable systems that use traps, as outlined above. These cost increases would exert significant pressures to raise rates to consumers.

Reconfiguration of the system to retain trapping but still allow access to premium services is not a viable option for partially addressable systems. The same limitations with respect to trapping exist regardless of whether the system is non-addressable or only partially addressable. If the cable operator reconfigures the channel lineup and groups the premium channels immediately above the basic tier, additional traps would have to be installed to protect premium channels that are not requested. Because a maximum of three traps may be installed before the cable drop becomes too unwieldy, it

<sup>&</sup>lt;sup>9</sup>Congressional concern for scrambling and compatibility with consumer electronics products is evidenced in §17 of the 1992 Cable Act. As the FCC acknowledges, there is a serious tension between equipment compatibility and premature requirements to employ scrambling technology that may exacerbate consumer unfriendliness. See Notice at ¶6, n.6.

may not be possible to arrange traps for every subscriber request or make available all premium services offered by the cable system.

Finally, grouping premium channels adjacent to the basic service tier would still not allow basic-only subscribers access to pay-per-view channels since, unlike premium channels, it is not feasible to use traps to secure pay-per-view programming. As is the case with non-addressable systems, the cost and disruptive effect of satisfying the basic subscriber's request for premium or pay-per-view channels under a partially addressable system are not at all similar to the minimal costs and a simple coded entry on a computer terminal that would be required to meet those requests in a fully addressable system.

#### 3. System-Wide Compliance.

The Commission seeks comment on how "the buy-through provisions operate in instances in which only one community among several served by the same cable system has addressable capability." Newhouse submits that such partially addressable systems should also fall within the protection of the ten-year grace period for compliance. Partially addressable systems are those where addressable technology has been implemented in only a portion of the system's service area. In such cases, the tier buy-through prohibition should not apply because compliance would result in raising cable rates and/or would violate other provisions of the 1992 Cable Act.

Initially, the Notice specifically requests comment on whether the buy-through provision should apply to portions of cable systems where compliance would be possible when those systems are in the

<sup>&</sup>lt;sup>10</sup>Notice at ¶5.

process of modifying their security system. 11 Newhouse submits that requiring compliance in portions of cable systems would be inconsistent with the language of the buy-through prohibition. The ten-year transition period expressly applies to any "cable system" that cannot comply. 12 If a partially addressable cable system cannot provide all basic subscribers with pay and pay-per-view programming on a nondiscriminatory basis, then that cable system is unable to The opposite conclusion, that cable systems must comply with comply. the prohibition to the extent that each subscriber receives addressability, could place a cable operator in violation of the nominal downgrade charge and uniform pricing provisions of the 1992 Cable Act. 13 Given the fact that Congress chose the cable system, and not the subscriber, as the proper measure of whether the tier buy-through prohibition could be complied with, the prohibition can not take effect until the entire system becomes addressable as to all non-basic channels. Certainly there is no indication that Congress intended to penalize all cable systems in transition from nonaddressable to addressable technology with two sets of rate

<sup>&</sup>lt;sup>11</sup>Notice at ¶6.

<sup>&</sup>lt;sup>12</sup>47 U.S.C. §543(b)(8)(B).

<sup>&</sup>lt;sup>13</sup>Section 623(6)(5)(C) of the Act requires that downgrade charges be "nominal" in the addressable portion of the system and be "based on the cost of such change" in the non-addressable portion. As noted above, such costs can be significant for non-addressable plant since a truck roll is required. This situation could potentially place the operator in jeopardy under the geographic rate uniformity requirement of Section 623(d) of the Act.

regulation rules to follow -- one for addressable customers and another for non-addressable customers. 14

C. Actions Should Not be Required Which Compromise Security Against Theft.

As the Commission considers regulations to implement the anti buy-through provisions, an overriding goal should be to avoid mandating any actions which are likely to increase the incidence of theft of cable service. Implementation of a security system to protect from signal theft is a vital component of any cable system in the United States today. Congress has recognized the serious threat that theft poses to the cable television industry and has enacted both civil and criminal federal penalties against it. Congress' continuing concern for cable theft is evident in the 1992 Cable Act which strengthened existing penalty provisions.

Cable operators should not be required to take actions that might promote theft of cable service in order to comply with the tier buy-through prohibitions. Non-addressable and partially addressable systems are not able to provide basic subscribers with easy access to premium and pay-per-view channels, and thus these systems should not be forced to unscramble their signals. Since signal security is so critical to any cable television system, FCC rules should not force non-addressable or partially addressable systems to provide access to

<sup>&</sup>lt;sup>14</sup>As noted <u>infra</u>, Newhouse does not believe that deliberate reconfiguration of a cable system for the sole purpose of evading the tier buy-through prohibitions should be tolerated by the FCC under the ten-year exception.

<sup>&</sup>lt;sup>15</sup>47 U.S.C. §553.

<sup>161992</sup> Cable Act, §21, amending 47 U.S.C. §533(b).

basic subscribers where the cable operator cannot protect its entire signal from theft.

Indeed, even the scrambling technologies utilized by fully addressable systems today are quickly becoming obsolete. Although the pace of industrywide-conversion to addressability has heretofore allowed equipment manufacturers and cable operators to stay ahead of video pirates, an accelerated roll out of addressability on a wide scale could tip the balance in favor of the pirates. A premature widespread conversion to full addressability creates a natural market incentive, both in terms of greater standardization of encryption techniques and a wider range of services which can be pirated, to encourage signal pirates in their efforts to defeat current encryption technologies and either manufacture illegal decoders or alter existing boxes to circumvent addressability. To avoid this, the Commission should only apply the anti buy-through provisions to those situations where a system currently has the technology completely in place to comply with the statutory requirement.

# II. EVASIONS OF THE ANTI BUY-THROUGH PROVISIONS MUST BE NARROWLY DEFINED.

The 1992 Cable Act directs the FCC to establish rules to prevent "evasions" of its rate regulation provisions. The Notice points out that the evasion question appears to focus on other rate issues being considered in a separate FCC proceeding, but nevertheless seeks comment on any issues which may be raised by the evasion provision of the 1992 Cable Act as they relate to the tier buy-through

<sup>&</sup>lt;sup>17</sup>47 U.S.C. §543(h).

provisions. Nothing in the statute or the legislative history provides any indication that Congress was attempting to restrict any specific practices which might constitute an "evasion" of the tier buy-through prohibition. Indeed, the question of whether Congress even intended the "evasion" prohibition to cover tier buy-through is complicated by Congress' apparent efforts to encourage the availability of non-basic channels on an a la carte basis.

Newhouse believes that only one circumstance should be considered as an evasion of the anti buy-through provisions, <u>i.e.</u>, if a cable operator deliberately reconfigures an existing fully addressable system solely in order to avoid the buy-through prohibition, this action should be deemed an evasion.

Beyond this narrow instance where an unmistakable intent to evade the anti buy-through provisions can be demonstrated, the Commission must be careful to refrain from defining conduct that is necessitated by legitimate regulatory and business considerations to be an evasion. For example, Section 17 of the 1992 Cable Act requires the FCC to promulgate rules to consider limits on the use of scrambling and encryption because such security methods may interfere with the consumer electronic features of VCRs and some television sets. However, in order to comply with the tier buy-through requirement, a cable operator must deploy a fully addressable system which necessitates scrambling of all channels that are to be secured.

The anti buy-through provision of the statute explicitly approves of the use of encrypted signals and descramblers by cable operators. These conflicting provisions must be resolved in the FCC

<sup>&</sup>lt;sup>18</sup>Notice at ¶8, fn. 8.

rulemaking process. In doing so, the FCC must make clear that a cable operator is not considered to evade the anti buy-through provisions by continuing to use non-addressable technology, such as trapping devices which minimize the use of scrambling, and which are employed to comply with equipment compatibility requirements.

Indeed, Congress apparently adopted the ten year grace period at least in part for the specific purpose of allowing a natural evolution of technology, with the hope that within that period new techniques might be developed which satisfy both the tier buy-through requirement and consumer electronics equipment compatibility goals of the 1992 Cable Act.

Similarly, it should be noted that franchise agreements often require a cable operator to secure signals in a manner that does not require the use of a converter or descrambler, where possible, in order to address consumer electronics compatibility concerns analogous to those raised by §17 of the 1992 Cable Act. The Commission must acknowledge that there is no evasion when the cable operator deploys unscrambled or partially scrambled cable programming services, or a non-addressable or partially addressable system in order to comply with its franchising requirements.

The Commission should also acknowledge that it is not an "evasion" for a cable operator to offer one or more video programming services on an a la carte basis, even if such services were formerly offered as part of a tier. One of the policy goals of the anti buythrough provision is to allow consumers to have greater choice and control over the programming that they must pay for by encouraging the unbundling of cable programming. The anti buy-through provision

only prohibits mandatory buy-through of service tiers. Where services are offered on an a la carte basis, such as premium or payper-view services, they do not meet the definition of a service tier since they are not sold as a group for a single price. Accordingly, an offering of access to premium or pay-per-view channels on the condition that the subscriber agrees to purchase one or more individual and unbundled non-basic programming channels is not a violation of the buy-through prohibition because the subscriber is not required to buy through any tiers and such a practice cannot be considered an evasion. Similarly, the Notice asks whether the anti buy-through provision permits "the offering of multiple, and perhaps overlapping, tiers on a noncumulative basis." As noted above, Sec. 623(b)(8) of the Act only affects the availability of premium or payper-view services to basic-only subscribers, it does not affect marketing of expanded tiers, whether on a cumulative or noncumulative basis.

### III. <u>INTERPRETATION OF THE RATE NONDISCRIMINATION CLAUSE SHOULD NOT</u> RESTRICT MARKETING PRACTICES.

Section 623(b)(8)(A) of the Act provides that "[a] cable operator may not discriminate between subscribers to the basic service tier and other subscribers with regard to the rates charged for video programming offered on a per channel or per program basis." The Notice seeks comment on whether this nondiscrimination clause should be interpreted to mean "that basic subscribers who do 'buy through' [to premium services without purchasing intermediate services] are entitled to the same rate structure for those premium

or pay-per-view services as subscribers purchasing intermediate services or tiers." Newhouse agrees with this interpretation.

Discrimination under the tier buy-through prohibition should be narrowly defined as the imposition of a greater price for a specific premium channel or a specific pay-per-view programming event charged to a basic-only subscriber as compared to a non-basic subscriber in the same franchise area. This definition addresses the concern that basic subscribers are not charged any more for the same premium channel or pay-per-view event - all subscribers are offered the same rate for these channels. However, this definition also does not require the cable operator to charge the same rate for different pay channels, events, or programming packages offered to the same subscriber.

The Commission must be careful not to adopt a definition of discrimination that would force cable operators to restrict marketing innovations and promotional discounts. Thus, a cable operator who offers discounts for the purchase of multiple premium service packages does not engage in discrimination so long as the same discounts are available to basic-only subscribers.

#### CONCLUSION

Newhouse urges the Commission to apply the ten year grace period to any system which would be required to incur more than nominal costs to comply. Moreover, cable operators should not be required to compromise security against theft in order to comply with anti buythrough. With regard to evasions, the Commission should construe this provision narrowly given the apparent lack of Congressional

<sup>&</sup>lt;sup>19</sup>Notice at ¶7.

guidance specifying particular conduct which might constitute an evasion of the anti buy-through requirements. Finally, the Commission should encourage flexible marketing schemes which will maximize consumer choice as it enforces the rate nondiscrimination clause of the anti buy-through provision.

Respectfully submitted,
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